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1905-1992

March 23, 2000

VIA HAND DELIVERY

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37201

In Re: *Joint Petition of Crockett Telephone, Inc., People's Telephone Company, West Tennessee Telephone Company, Inc. and the Consumer Advocate Division of the Office of the Attorney General for the Approval and Implementation of Earnings Review Settlement*
Docket No. 99-00995

Dear Mr. Waddell:

Enclosed are fourteen copies of AT&T Communications of the South Central States, Inc. First Set of Discovery Requests to Crockett Telephone Company, Inc., People's Telephone Company and West Tennessee Telephone Company; and AT&T Communications of the South Central States, Inc. First Set of Discovery Requests to the Consumer Advocate Division.

The originals of these discovery requests are being served on counsel for the parties to whom these requests are directed. Copies are being served on other counsel.

Yours very truly,


Val Sanford

VS/ghc

Enclosures

cc: Vance L. Broemel
T. G. Pappas and R. Dale Grimes
James P. Lamoureux
Garry Sharp

127623.2

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE: *Joint Petition of Crockett Telephone, Inc., People's Telephone Company, West Tennessee Telephone Company, Inc. and the Consumer Advocate Division of the Office of the Attorney General for the Approval and Implementation of Earnings Review Settlement*

Docket No. 99-00995

**AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, INC.
FIRST SET OF DISCOVERY REQUESTS TO CROCKETT TELEPHONE
COMPANY, INC., PEOPLE'S TELEPHONE COMPANY AND
WEST TENNESSEE TELEPHONE COMPANY, INC.**

Pursuant to T.C.A. §4-5-311 and the Tennessee Rules of Civil Procedure, AT&T Communications of the South Central States, Inc. ("AT&T") serves the following first set of discovery requests on the Crockett Telephone Company, Inc., People's Telephone Company and West Tennessee Telephone Company, Inc. (the "TEC Companies") to be answered in the manner and within the time provided in the Tennessee Rules of Civil Procedure, except as may be ordered by the pre-hearing officer or the Tennessee Regulatory Authority.

1. In the proposed settlement agreement between the TEC Companies and the CAD, it is proposed to give a monthly credit in 2000 and 2001 of "\$5.00 per business access line" and of "\$4.75 per residence access line."

a. What services are included within the terms "business access line" and "residence access line"?

b. Identify the tariffs, including pages and effective dates, for each TEC Company which cover the services and rates for "business access line" and "residence access lines."

c. What are the present rates for "business access lines" and "residence access lines"?

d. Under the proposed settlement, are the current rates for "business access lines" and "residence access lines" assumed to remain unchanged through 2001?

e. What were the comparable rates for "business access lines" and "residence access lines" for each TEC Company on January 1, 1984?

f. Identify by effective date and TPSC or TRA Docket Number any Orders approving changes in the rates for "business access lines" and "residence access lines" since January 1, 1984.

g. State the rates for "business access lines" and "residence access lines" resulting from each such change identified in (f) above.

h. What were the total revenues received by each of the TEC Companies from "business access lines" and "residence access lines" services during 1997, 1998 and 1999?

i. What were the average monthly revenues received by each of the TEC Companies from "business access lines" and "residence access lines" services during 1997, 1998 and 1999?

j. What are the forecast total revenues to be received by each of the TEC Companies from "business access lines" and "residence access lines" services during 2000 and 2001?

k. What are the forecast average monthly revenues to be received by each of the TEC Companies from "business access lines" and "residence access lines" services during 2000 and 2001?

2. (a) What do each of the TEC Companies contend were the costs of providing "business access lines" service in 1999?

(b) What do each of the TEC Companies contend will be the cost, or an estimate of costs, of providing "business access lines" service in 2000 and 2001?

(c) What do each of the TEC Companies contend were the costs, or an estimate of costs, of providing "residence access lines" service in 1999?

(d) What do each of the TEC Companies contend will be the cost, or an estimate of costs, of providing "residence access lines" service in 2000 and 2001?

(e) What method for computing costs do the TEC Companies contend should be followed in computing the costs with respect to the costs of providing "business access line" and "residence access line" services?

3. (a) If the revenues to be received by each of the TEC Companies in 2000 and 2001, including the proposed credits, for providing "business access lines" service and "residence access lines" service are below the costs of providing such

service, list all services which are identified by each of the TEC Companies as producing revenues above the cost of providing such service during 1999.

(b) For each service listed in (a) above, state the amount by which the 1999 revenues exceeded the 1999 costs.

(c) In forecasting revenues and costs for 2000 and 2001, are any changes in the list of services shown in response to (a) above anticipated? If so, identify such services.

4. (a) On what basis and under what agreements or procedures were access charges imposed by each of the TEC Companies from January 1, 1984 through the entry of the Megacom Order, dated March 17, 1988 by the TPSC in Docket Nos. U-87-7492, U-87-7512, U-87-7513, U-87-7514 and U-87-7515.

(b) What were the rates charged by each of the TEC Companies for access services from January 1, 1984 through the entry of the Megacom Order?

(c) On what basis and under what agreements or procedures were access charges imposed by each of the TEC Companies from the entry of the Megacom Order through 1999?

(d) What were the rates charged by each of the TEC Companies for access services for each year from the entry of the Megacom Order through 1999?

(e) On what basis and under what agreements or procedures does each of the TEC Companies forecast that access charges will be computed for the years 2000 and 2001?

5. (a) On what basis and under what agreements or procedures were the TEC Companies compensated by South Central Bell Telephone Company for the handling of intraLATA traffic for the year 1984?

(b) Identify, by type of document, date and substance of change made, each change in the agreements or procedures for the compensation of the TEC Companies by South Central Bell Telephone Company or BellSouth Telecommunications, Inc. for the handling of intraLATA traffic since 1984?

(c) Identify any tariffs reflecting the services and rates charged to South Central Bell Telephone Company or BellSouth Telecommunications, Inc. covering the compensation identified in (b) above.

(d) State the total revenues received by each of the TEC Companies from BellSouth Telecommunications, Inc. for the years 1997, 1998 and 1999, and the total revenues forecast to be received from BellSouth Telecommunications for the years 2000 and 2001.

(e) Identify by number the account or accounts under the Uniform System of Accounts which reflect the revenues stated in (d) above.

(f) Do the TEC Companies apply the Megacom adjustment to the access charge rates it charges BellSouth Telecommunications, Inc.?

(g) State the basis of the TEC Companies' position which respect to whether the Megacom adjustment applies to the access charge rates it charges BellSouth Telecommunications, Inc.?

6. (a) Do the TEC Companies contend that they are, and will be, entitled to support from any universal service mechanism established by the TRA pursuant to T.C.A. §65-5-207 for "business access line" or "residence access line" services?

(b) Do the TEC Companies contend that under any universal service mechanism established by the TRA pursuant to T.C.A. §65-5-207 the rates for "business access line" and "residence access line" services should be supported at the level proposed in the settlement agreement between the CAD and the TEC Companies?

(c) If the answer to (a) above is in the affirmative and the answer to (b) above is in the negative, on what basis do the TEC Companies contend that the support for "business access line" or "residence access line" services should be based?

7. In 1997 the TEC Companies joined in a petition filed by "Independent Companies and Cooperatives" in the arbitration proceeding between AT&T and BellSouth Telecommunications, TRA Docket No. 96-01152, alleging that in order to avoid the filing of agreements between BellSouth and the petitioners, BellSouth had cancelled and requested renegotiation of its existing agreements and requested that the TRA declare that such agreements did not have to be filed. Among the services allegedly included in such agreements were intraLATA toll, joint access and carrier

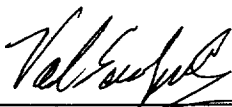
access billing. The TRA entered an Order declaring that such agreements did not have to be filed. With respect to any such agreements between BellSouth and the TEC Companies, or each of them:

- (a) Are such agreements in effect at present?
- (b) If not, when were they terminated?
- (c) If terminated, what replaced them as governing the relations between the TEC Companies and BellSouth?
- (d) If any such agreement is in effect at present, produce an executed copy thereof for inspection and copying.

8. (a) Do the TEC Companies admit that the pages in the attached Exhibit A to this First Set of Discovery Requests are accurately taken from the web site of their parent Telephone Electronics Corporation ("TEC")?

(b) Which of the companies shown on the list of subsidiary companies of TEC on the last two pages of the attached Exhibit A operate in Tennessee?

(c) Excluding the three (3) TEC Companies that are petitioners in this case, what services are offered by the TEC subsidiaries in Tennessee?



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Attorneys for AT&T Communications of the
South Central States, Inc.

CERTIFICATE OF SERVICE

I, Val Sanford, hereby certify that I have on this 22nd day of March, 2000 served via Hand-Delivery, the original of the foregoing First Set of Discovery Requests to TEC Companies on T. G. Pappas and R. Dale Grimes, Esq. Bass, Berry & Sims, 2700 First American Center, 313 Deaderick Street, Nashville, TN 37238-2700 and a copy to Vance Broemel, Esq., Consumer Advocate Division, 425 5th Avenue, North, Nashville, Tennessee 37243.



Val Sanford

TELEPHONE ELECTRONICS CORPORATION

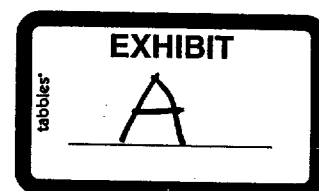
Currently, TEC consists of about thirty companies networked into a highly effective communications system. By working toward a common goal of providing quality service and applying creative technologies, TEC companies meet the needs of millions of people throughout America.

Local communication services are comprised of several telephone companies, or Local Exchange Carriers (LEC's). The telephone companies are hometown-based institutions that provide the most modern phone service to communities in Alabama, Mississippi and Tennessee. These LEC's are an integral part of the infrastructure of their host cities, binding together with their communities. State-of-the-art communication services have been brought to both large cities and small towns where TEC companies operate, thus enhancing the quality of life and business. These LEC's offer enhanced services such as Custom Calling Features, Advanced Custom Calling Features, Centrex, Voice Mail, Pagers, and Signaling Systems 7 (SS7) capability. TEC companies not only serve; they also are a dynamic member of their locale.

Long Distance operations include Interexchange Carriers (IXC's) that provide long distance services, such as 800 Service, WATS Service, Calling Cards, and Private Lines to residential and commercial customers. A network comprised of digital switches, fiber optic cable routes, and microwave facilities completes TEC's national communications network. The scope of these companies reaches across America and provides a wide variety of services in a very competitive market. These companies, combined with the local telephone companies, provide TEC with established presence in many aspects of the telecommunications industry. The diversity of TEC's companies provides the corporation with all of the tools necessary for continued success in the industry.

Throughout the years, TEC has prospered and developed into a major player in the communications world. Growth by acquisition and the formation of new TEC companies have brought about expansion and progress.

At the core of the company's success is a keen awareness of customer and community needs. Being responsive to a market-driven



industry has given rise to the TEC philosophy that quality service should be developed for and applied to the customers' needs. TEC is a forerunner in the dynamic telecommunications industry, providing excellent service and competitive, fair rates. The resulting effect is threefold: new services are readily available, the company is profitable, and TEC's image is enhanced by being attentive and responsive to its customers.

Decades of service have brought growth and prosperity to TEC and its employees. Today, the company is managed with the same determination and dedication demonstrated in 1923. The TEC organization is unique in its structure and its approach to the industry. TEC companies operate like a closely knit family, bound together with common goals and respect for one another. TEC provides the top quality service of a large corporation with the personal touch and devotion of a hometown business.

Dedication to service and a sense of community have separated TEC from others that crowd their field; and Telephone Electronics Corporation will continue to provide the innovation and performance that keeps them at the top of the industry.

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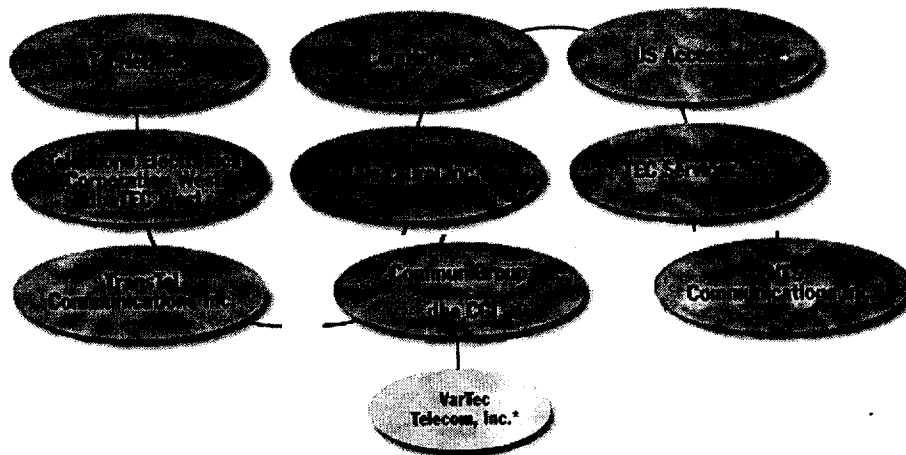
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A premier suite dedicated to becoming the cornerstone of convenience and savings for your business needs. Signature Series lets you get one of business' unpredictable expenses under control!

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A service striving to accommodate your long distance needs and close the gap between distance and family. Your friends and family may use Home Direct as a convenient method of communication.



VarTec Signature Series[®] 1+

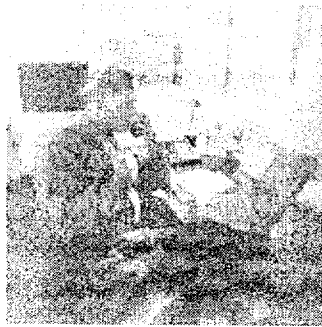
A premier suite dedicated to becoming the cornerstone of convenience and savings for your business needs.

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A higher level of long distance service. It's a plan that allows your friends and family to call you at a toll-free number.

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If you are on the go and rarely travel out of your local area, our wide-area local coverage for just \$9.95 a month is ideal for your busy lifestyle.


All services subject to availability. Rates not inclusive of governmental taxes and fees, including the Universal Service Fund.

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Customer Care



At VarTec Telecom® we're dedicated to providing you with the highest quality long distance services. If you have any questions about a service, or if you ever have any comments, suggestions, or complaints about your service with VarTec, our Customer Care Associates are here to serve you. To contact VarTec's Customer Care Center, simply call toll free:

1-800-583-8811

VarTec Telecom's Mailing Address:

**VarTec Telecom, Inc.
3200 W. Pleasant Run Rd.
Lancaster, TX 75146**

In order to serve you better, we have compiled a list of the most Frequently Asked Questions (FAQ) of Customer Care, along with simple explanations. Please refer to these FAQ's before calling Customer Care - we hope you might find what you're looking for without having to take your time to call us!



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For payment information or questions about your bill from VarTec. [Click Here.](#)



Dialing FAQ

Having trouble using your long distance service from VarTec? Look here for possible answers. [Click Here.](#)



Services FAQ

Questions and Answers about the individual VarTec long distance services. [Click Here.](#)

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Company History

VarTec Telecom, Inc. was chartered as a Texas corporation in February of 1989 and is headquartered in the Dallas suburb of Lancaster. VarTec is classified as an interexchange carrier, originating on its own feature groups, transporting to the nearest network switch and terminating on a digital network. Unlike many other companies, very little of VarTec's growth can be attributed to acquisitions. The revenue VarTec has generated has been through sales. VarTec addresses its markets through distributors, direct mail, and a direct sales force.



VarTec began with a single switching platform and offered general long-distance service (1+, 800, travel, and dedicated access) to subscribers in Texas. Today, VarTec operates eight Northern Telecom DMS-250 Supernodes (Atlanta, Chicago, Colorado Springs, Dallas, Los Angeles, Orlando, Pittsburgh, and Seattle) and is properly licensed and certified to provide long-distance service in all 48 contiguous states.

It would have been very difficult for VarTec to have grown as rapidly as it has without acquisitions if it had attempted to compete head-on in AT&T, MCI, and Sprint's basic market areas. VarTec is known for its innovations . . . it pioneered its own telecommunications path. VarTec was an early player in switchless resale and introduced one of the first programs that featured LEC billing. Despite industry pessimism, VarTec developed the first and largest successful equal access program on a national scale and introduced the penny call concept. In the fall of 1992, VarTec installed a prepaid calling platform. Today, Phone Pass and its private label sisters are among the best selling retail phone cards in America. VarTec also offers Calling Pass, a promotional card program. VarTec's newest family of products combines prepaid technology with interactive voice technology and results in a totally new telecommunications opportunity.


Although VarTec's primary business is still general long-distance services, VarTec has made quantum advances both in products and scope since 1989. VarTec Telecom, Inc. truly offers many different Voices of Technology.

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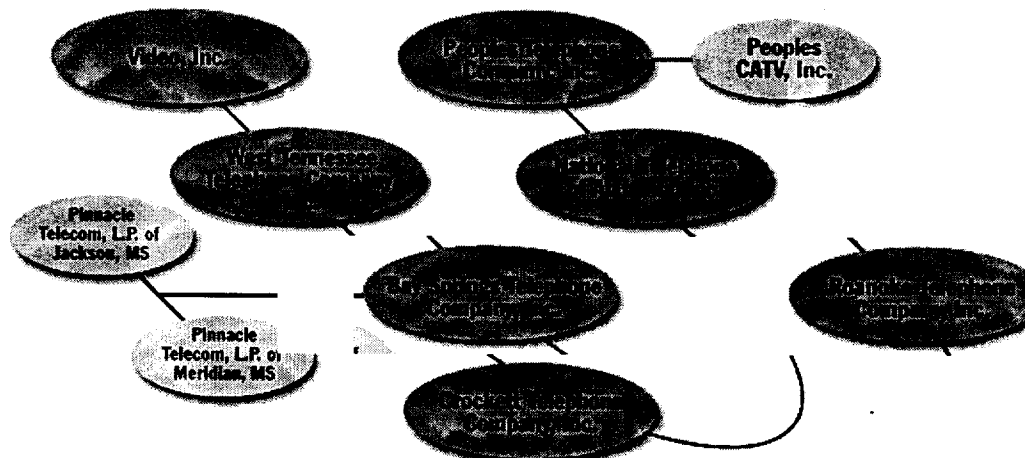
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TELEPHONE ELECTRONICS CORPORATION**Subsidiary Companies****Local Communication Services**

- Bay Springs Telephone Company, Inc.
 - Pinnacle Telecom, L.P. of Meridian, MS
 - Pinnacle Telecom, L.P. of Jackson, MS
- Crockett Telephone Company, Inc.
- National Telephone of Alabama, Inc.
 - Shoals Cellular, Inc.
- Peoples Telephone Company
 - Peoples CATV, Inc.
- Roanoke Telephone Company, Inc.
- Video, Inc.
- West Tennessee Telephone Company, Inc.

Long Distance & Other Communication Services

- Air Laurel, Inc.
- CommuniGroup of Alabama, Inc.
- CommuniGroup of Jackson, Inc.
- CommuniGroup North Alabama, Inc.
- CommuniGroup, Inc. dba CGI
 - Compute-A-Call, Inc.
 - CommuniGroup of Arkansas, Inc.
- ComNet, Inc.
- LecNet, Inc.
- Magnolia Cellular Corp.
- NTS Communications, Inc.*
- TEC Services, Inc.
- TecNet, Inc.
- Telephone Electronics Corporation West dba TEC West
- TransTel Communications, Inc.
 - Communication Recovery Services, Inc.
 - Extelcom, Inc. dba Express Tel
 - National Network Corp.
 - Tel-America of Salt Lake City, Inc.
- US Access, Inc.
- VarTec Telecom, Inc.*
 - U.S. Republic Communications, Inc.
 - Web America Networks, Inc.*
 - Network Construction Management, Inc.

Subsidiaries**Long Distance
& Other
Services****Local
Services**

Our Company

- PrimeTEC International, Inc.
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- Choctaw Communications, Inc.

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**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE: *Joint Petition of Crockett Telephone, Inc., People's Telephone Company, West Tennessee Telephone Company, Inc. and the Consumer Advocate Division of the Office of the Attorney General for the Approval and Implementation of Earnings Review Settlement*

Docket No. 99-00995

**AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, INC.
FIRST SET OF DISCOVERY REQUESTS TO THE
CONSUMER ADVOCATE DIVISION**

Pursuant to T.C.A. §4-5-311 and the Tennessee Rules of Civil Procedure, AT&T Communications of the South Central States, Inc. ("AT&T") serves the following first set of discovery requests on the Consumer Advocate Division ("CAD") to be answered in the manner and within the time provided in the Tennessee Rules of Civil Procedure, except as may be ordered by the pre-hearing officer or the Tennessee Regulatory Authority.

1. (a) From the date of the establishment of the CAD to the present, has the CAD in any filing with the TRA ever advocated or supported the reduction of access charges paid by IXC's to LEC's?

 (b) If the answer to (a) above is in the affirmative, identify the proceeding in which the filing was made by docket number, style or caption of the

matter, and identify the filing made by the CAD by its heading and the date of its filing.

2. (a) From the date of the establishment of the CAD to the present, has the CAD, in any filing with the TRA, ever advocated or supported the development of competition in the market for any telecommunication services in Tennessee?

(b) If the answer to (a) above is in the affirmative, identify the proceeding in which the filing was made by docket number, style or caption of the matter, and identify the filing made by the CAD by its heading and the date of its filing.

3. In the design of rates for telecommunications service providers under rate base rate of return regulation:

(a) What factors does the CAD contend should be considered with respect to the rates for basic local exchange telephone service?

(b) Should the costs of providing particular services be considered?

(c) If costs should be considered, what factors justify pricing particular services below the costs of providing those services?

(d) Assuming that a company has been earning in excess of its authorized fair rate of return, is there any level below which the rates for basic local

exchange telephone services should not be reduced for that company in adjusting for overearnings or otherwise?

(e) If the answer to (d) is in the affirmative, what is that level and on what basis, reason or principle, should that level be determined?

4. (a) In arriving at the rate design to adjust the revenues of the TEC Companies in the settlement agreement, identify the priorities followed in allocating reductions in forecast revenues, specifying the order in which the reductions were allocated.

(b) What were the reasons for adopting the priorities identified in (a) above?

5. (a) Has the CAD made any determination as to the cost to the TEC Companies of providing access services to IXCs?

(b) Has the CAD made any determination of the cost to the TEC Companies of providing any specific services? If so, identify such services?

6. (a) During 1996, 1997 and 1998 what agreements or procedures or tariffs governed the amounts paid by BellSouth Telecommunications to the TEC Companies with respect to intraLATA toll and billing and collection?

(b) In the negotiation of the settlement agreement with the TEC Companies, did the CAD consider the amounts to be paid by BellSouth

Telecommunications to the TEC Companies as being relevant to the design of the rates of the TEC Companies?

(c) If the answer to (b) above is in the affirmative, what amounts were forecast to be paid by BellSouth to the TEC Companies, and what was the basis of that forecast?

7. (a) Identify the provision or provisions in the dialing parity plans of the TEC Companies that the CAD contends require that access charges for intraLATA and interLATA long distance calls must be the same.

(b) Must the same requirement be specified in all dialing parity plans?

(c) Identify any statute, rule or order requiring that intraLATA and interLATA access charges be the same?

8. (a) Did the CAD object to the reduction in the amounts to be paid by BellSouth Telecommunications to the TEC Companies as described in Paragraph 12 of Mr. Buckner's Affidavit?

(b) Did the CAD seek to have BellSouth Telecommunications flow-through savings in its intraLATA toll rates described in Paragraph 12 of Mr. Buckner's Affidavit?

9. (a) Does the CAD contend that the justice and reasonableness of rates of telecommunications service providers can be established only through some form of regulatory process wherein a regulatory agency has, and exercises, the power to set rates?

(b) If the answer to (a) above is in the negative, identify what other means the CAD contends would be sufficient to establish the justice and reasonableness of the rates of a telecommunications service provider?



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CERTIFICATE OF SERVICE

I, Val Sanford, hereby certify that I have on this 28th day of March, 2000 served via Hand-delivery, the original of the foregoing First Set of Discovery Requests to the Consumer Advocate Division on Vance Broemel, Esq., 425 5th Avenue, North, Nashville, Tennessee 37243 and a copy to T. G. Pappas, Esq. and R. Dale Grimes, Esq. Bass, Berry & Sims, 2700 First American Center, 313 Deaderick Street, Nashville, TN 37238-2700.



Val Sanford